



TITLE: Board Charter

EFFECTIVE DATE: April 11, 2013

BOARD ADOPTION: April 11, 2013

INTRODUCTION

The Board is responsible for overseeing the management of the business and affairs of the Seattle City Employees' Retirement System (SCERS) in accordance with applicable laws.

The Board shall exercise all of the powers and perform all duties prescribed by law with respect to the investment of public trust and retirement funds, including but not limited to RCW 35.39.060 and SMC 4.36.130.

The Board may delegate any of its powers and duties as deemed necessary for efficient administration and when consistent with the Seattle Municipal Code, the Revised Code of Washington, and other applicable laws.

DUTIES AND RESPONSIBILITIES

Overall Policies and Procedures Regarding Board Member Conduct

1. The Board shall establish charters describing the roles of:
 - a. The Board;
 - b. The Chair (Seattle City Council, Finance and Budget Chair);
 - c. The Secretary (City Personnel Director);
 - d. The Treasurer (City Department of Finance Director);
 - e. Committees of the Board; and
 - f. The Executive Director.
2. The Board shall adopt such other policies necessary to guide the conduct of its affairs. All Board actions and policies will be in accordance with and reflect the requirements that members of the Board: (a) act prudently in managing the assets and operations of SCERS, including but not limited to ensuring due diligence in all investment and management decisions; (b) comply with their fiduciary responsibilities of loyalty to all participants and beneficiaries of SCERS; (c) comply with the City of Seattle Ethics Code and otherwise avoid conflicts of interest that would interfere with the performance of their duties as members of the Board; and (d) comply with all applicable provisions of the Municipal Code, the Revised Code of Washington, and other applicable laws.
3. A Board Member shall not: (a) have any interest, direct or indirect, in making of any investments from the Retirement System, or in the gains or profits accruing therefrom; (b) directly or indirectly, for himself or as an agent or partner of others, borrow any of its funds or deposits or in any manner use Retirement System funds other than to direct payment of proper Retirement System expenses; or (c) become an endorser or surety or become in any

4. manner an obligor for Retirement System funds. The Board shall seek to ensure that each of these restrictions is also followed by all employees of the Retirement System.
5. The Board shall take prompt and appropriate disciplinary and/or corrective action to address any Board Member's violation of the standards of conduct established by the Board or applicable law. Depending on the circumstances, disciplinary and/or corrective actions may range from a notice or reprimand to the Board Member involved to seeking the removal of such Board Member. Whenever necessary to seek correction of the conduct, the Board will seek the assistance of legal counsel and any relevant enforcement authorities.
6. The Board will review, consider, and make final contract award selections; approve key provisions, terms, and conditions of contracts; and approve the award of contracts for external money managers, investment consultants, actuaries, outside legal counsel, and other professional advisors. For any given contract award, modification, or extension, the Board may delegate signing authority to the Executive Director. Legal review by the City Attorney's office or outside counsel for compliance with applicable city, state, and federal requirements and Board policies is required for all such contracts. The Executive Director may approve no-cost time extensions for which the service provider is eligible under the original contract terms.
7. In emergency situations only, the Board Chair – or in the Board Chair's absence the longest-serving Board Member available – may provide authorization to the Executive Director to act on behalf of the Board, following consultation with and approval by the City Attorney's office and/or outside legal counsel. An emergency situation is one in which a significant risk of loss to the fund exists and the need for action is so severe and urgent that immediate action is required before a Board meeting can reasonably be convened to address the issue.

Strategic Policy and Planning

The Board is responsible for establishing the mission, vision and values of the Retirement System and conducting an annual strategic planning assessment to identify its strategic priorities for the near and long term. The strategic plan will be the foundation of budgets prepared by the Executive Director.

Investment Policies and Strategy

The Board is responsible to establish, periodically review, and amend the investment philosophy and policy for the overall Retirement System and the investment policies for each asset class held by SCERS. At a minimum, these policies shall include appropriate provisions to address asset allocation, proxy voting, performance goals, performance measurement, and portfolio rebalancing.

The Board will ensure that an asset / liability valuation study is conducted at least every 7 years.

The Board will regularly monitor the performance of SCERS' investments relative to comparable asset classes, comparable funds, and the Retirement System's investment policies.

The Board will regularly evaluate the funded status of SCERS over the immediate, intermediate, and long term periods, and consider strategies to improve that status.

Financial and Accounting Policy

The Board shall ensure that appropriate financial and accounting policies, external review processes, and internal controls are in place to safeguard the assets of SCERS.

The Board shall ensure that internal and external audits are conducted in respect of SCERS to assess that:

- a) SCERS's assets are safeguarded and controlled;
- b) SCERS' investment transactions are in accordance with applicable laws and the policies of the Board; and
- c) SCERS' financial, human, and physical resources are managed economically and efficiently and that SCERS' operations are carried out effectively.

An independent financial audit will be conducted annually.

Operations

The Board shall have the authority to evaluate and approve changes to the organizational structure of SCERS.

The Board shall approve the biennial operating budget and related work plans, performance measures, and targets.

The Board shall ensure that an effective process of enterprise risk management is in place and approve key risk management plans, including a disaster recovery plan.

An Internal Operations Audit will be conducted at least every 5 years.

Key Appointments

The Board shall have the authority to:

- a. Establish any committees that it considers necessary and appropriate pursuant to the Seattle Municipal Code, the Revised Code of Washington, and other applicable laws;
- b. Appoint, evaluate and remove committee members;
- c. Appoint, evaluate and remove the Executive Director;
- d. Appoint, evaluate annually, and remove members of the Investment Advisory Committee for the non-voting advisory positions as called for in SMC 4.36.140; and
- e. Appoint, evaluate and remove external money managers, investment consultants, actuaries, auditors, outside legal counsel, and other professional advisors to the retirement system.

Stakeholder Communications

The Executive Director shall serve as the spokesperson for SCERS, subject to the direction of the Board, except in circumstances where the Board decides otherwise.

The Board shall seek to ensure that appropriate communications are made to City employees and other stakeholders regarding SCERS and members' benefits under the Retirement System, including (a) timely, clear notices to members and prospective members regarding their benefits and prospective benefits under the Retirement System, (b) timely, clear notice of significant changes or events in the Retirement System, and (c) communications as needed to other interested parties. With regard to communications to members and prospective members of the Retirement System, the Board shall seek to ensure that key communications are made available in a variety of ways, including but not limited to website information; individual communications such as email and/or written correspondence; and any other appropriate communication methods.

Advice and Counsel

The Board and individual Members shall be available to provide advice and counsel to the Executive Director, as required.

Reporting and Monitoring

The Board shall ensure that the necessary reporting and monitoring practices are established to provide the Board with the information it requires to effectively oversee the operations of SCERS and meet all legal requirements.

The Board shall, among other things:

- a. Regularly monitor compliance with the investment policies, standards, and procedures established by the Board;
- b. Regularly review the investment performance of SCERS;
- c. Regularly review the performance of key operations, including but not limited to the timeliness of retirement benefit estimates, the accuracy of benefit payment calculations, and the quality of membership information services;
- d. Evaluate annually the performance of the Executive Director;
- e. Discuss annually the performance of the Board; and
- f. Ensure that monitoring mechanisms are in place to make certain that SCERS operates within applicable laws and regulations.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.